

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2076
ANSWERED ON:05.08.2005
CHINESE CURRENCY
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Will the Minister of FINANCE be pleased to state:

- (a) whether the China has revalued its currency recently;
- (b) if so, the facts thereof;
- (c) whether the Government has assessed its impact on Indian export;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to manage the impact of revaluation of Yuan?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Yes, Sir. From July 21, 2005, China has moved to a managed floating exchange rate regime based on market forces with reference to a basket of currencies. As a result, the Chinese Yuan is no longer pegged to the US Dollar.

(c), (d) & (e): It is still too early to assess the impact of the new operating regime of the Chinese currency on Indian exports. However, India is expected to gain in competitiveness and trade at the margin, though the effect might vary across sectors.